



My Waiver/HRA Guide

How to get more from your Health Reimbursement Account



HUMANA
Guidance when you need it most



Health Reimbursement Account

All about using your Health Reimbursement Account (HRA)

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HRAs in a nutshell

Using your HRA handbook

Thank you for choosing a Humana Health Reimbursement Account (HRA) plan. As you'll see in this Guide, your plan gives you choice and flexibility in how you pay for healthcare.

Understanding how your HRA works can help you maximize the advantages – and ensure quick and convenient access to your funds. That's where this guide comes in. We hope you'll browse through it now – and keep it handy throughout the plan year in case you have any questions.

HRA basics

An HRA is like a healthcare "expense account" funded by your employer. You can use your HRA money for medical expenses like doctor's office visits and prescription drugs, as well as other qualified healthcare costs.

Your Plan determines what types of expenses are qualified, within guidelines defined by the Internal Revenue Service (IRS). Your plan covers medical and dental, prescription drugs, and vision services. You can find sample qualified expenses on **kyhealthplan.humana.com** or on *MyHumana* – your password-protected, personal page on **Humana.com** – and find your Plan's specific qualified expense categories in your Summary Plan Description. To avoid any inconvenience down the road, make sure to keep itemized receipts every time you use HRA funds. Because of IRS rules, Humana may contact you to verify that your expense was qualified. See page 8 for more information.

HRA advantages

Here are some of the many reasons to like your HRA:

- **Spend HRA dollars with a swipe** – You don't have to file claim forms when you use the HumanaAccessSM Visa[®] Debit Card. At many healthcare provider locations, you can use your card to pay directly from your account – just make sure to save your receipt in case we need to verify your expense. See page 8 for more information.
- **Funds will carry over** – If you don't use all of your HRA funds during the plan year, you will be able to carry over all of your money to the next year.
- **You're in control** – You can use your money in lots of ways – qualified expenses usually include out-of-pocket costs for medical care, pharmacy expenses, dental expenses, vision care, and more.



Also known as a Health Reimbursement Arrangement
"Health Reimbursement Account" is another name for what the IRS calls a "Health Reimbursement Arrangement."



How money goes into your account

HRA Employer contributions

Your Plan guidelines decided how much money went into your HRA – check your enrollment materials for details. You can't contribute to a HRA – only your employer can.



How life changes affect your HRA

Changing jobs

If you leave your current employer, you can't take HRA funds with you – but you do have a “window” when you can file claims for expenses you had before you left your employer. You'll need to file for reimbursement rather than use the HumanaAccessSM Visa[®] Debit Card.

If you go on COBRA – the “Consolidated Omnibus Budget Reconciliation Act,” which allows you to continue group health coverage when you leave an employer, you can continue to use funds left in your HRA as of your last date of employment. You have until the claims filing deadline for the current plan year to submit the claims.

Enrolling in Medicare

Once you enroll in Medicare, you can continue to receive HRA contributions – but only if you continue working. HRAs aren't available to people who are retired or self-employed.

Qualifying Life Events

Your Plan may allow you to change your benefits when you have a “qualifying life event.” Qualifying life events vary by company, but they usually include:

- Marriage
- Birth or adoption
- Legal guardianship change
- Divorce
- Death of a spouse or child

In addition, your Plan *may* allow you to change your benefits when your spouse has open enrollment or in case he or she loses insurance coverage. Check your Summary Plan Description to find details on your employer-specific rules.



Spending HRA funds

Qualified expenses

You can spend healthcare HRA funds on items approved by your Plan and the IRS. Most employers typically allow:

- Medical services like doctor's office visits and hospital services
- Prescription drugs
- Durable medical equipment

IRS rules also allow the following:

- Dental services
- Vision care, including eye exams, eyeglasses, contact lenses and solution, and laser surgery
- Over-the-counter medications

You can also see a sample list of qualified expenses on *MyHumana*. But remember: **your employer can put further restrictions on HRA-qualified expenses.** Your Plan can restrict an entire category – vision care, for instance – but cannot exclude a specific service like Lasik. For details on qualified expenses for your plan, check your Benefits Plan Document. To download the document from *MyHumana*, go to the "Plans & Coverage" section, click the "Details" button under the name of your medical plan, and click the "Download PDF" link under "Coverage Details."

What happens if you use funds for nonqualified expenses

If you use HRA funds for a nonqualified expense, you'll need to pay the money back. Send your payment to:

Humana Spending Account Administration
P.O. Box 14167
Lexington, KY 40512-4167

When you can start using your HRA

All of your employer's contribution is available to you on the first day of the plan year, or on your effective date of coverage.

HumanaAccessSM Visa[®] Debit Card overview

For most transactions, the HumanaAccess Card is the fastest, easiest way to spend HRA funds:

- It draws money from your account instantly
- You don't have to pay out of pocket and then wait for reimbursement
- It works at many healthcare provider locations, from doctor's offices to pharmacies to eye doctors

The card looks like any Visa debit card – **except it only works at healthcare provider locations like doctors' or dentists' offices, pharmacies, and vision care providers.** You can't use the card at "non-health-related" locations like restaurants or gas stations – even if you're buying a qualified item. Also, you can't use the card at ATMs or get cash back at a store.

In addition, you can use the card only for categories of healthcare services your employer allows as qualified expenses. The categories may include one or more of the following:

- Medical
- Dental
- Vision
- Prescription Drugs
- Durable Medical Equipment

The Zero Liability feature guarantees maximum protection against fraud if your HumanaAccess Card is stolen and used for unauthorized purchases. After fraudulent behavior occurs, simply call Humana at **1-800-604-6228**. If the unauthorized purchase is truly fraudulent, you aren't financially responsible.

What to do when you receive your HumanaAccess Card

Humana sends your HumanaAccess Card in the mail. When you receive the card:

- Activate it right away, so the card is ready to go when you need it – call the toll-free activation number on the card, **1-888-894-2201**, and follow the instructions on the recorded message
- Sign the back of the card
- Read and save the enclosed insert, which gives you more tips on using the card

If you get more than one card, you need to activate only one for both to work. By activating the card, you accept the terms and conditions outlined in the cardholder agreement.



Call 1-800-604-6228 if your card is lost or stolen

If your card is lost, call Humana's Spending Account Administration line right away, so we can protect your account balance and get a new card to you immediately. Representatives are available from 8 a.m. to 7 p.m., Eastern time – but you can alert us anytime using our automated information line, which is available 24 hours a day through the same number.

Prior to March 1, 2010

To use your HumanaAccess Card at a participating pharmacy, when you do not have Humana medical coverage:

- Present your prescription, HumanaAccess Card, and your medical ID card to the pharmacist
- Pharmacist should key in the PCN# and BCN# from your card
- Return to pick up your prescription
- Swipe your HumanaAccess Card for cost share (copayment or coinsurance), selecting "Credit" as transaction type
- Sign and save the itemized receipt for your records.

Your Plan includes over-the-counter (OTC) medications as qualified expenses. IRS-qualified OTC medications include pain relievers and allergy medicines – but not vitamins or supplements.

A new IRS requirement now allows you the option of purchasing over-the-counter medications and other health products using your HumanaAccess Visa card. Many retailers have now updated their systems to allow them to identify and separate healthcare items from ineligible items. For example, if you buy a soda along with Tylenol and a prescription, you can use your HumanaAccess card for the cost of the prescription and the Tylenol and then present another form of payment for the soda. A list of retailers where OTCs can be purchased with the HumanaAccess card is available on MyHumana.

The list of sample expenses on MyHumana offers guidance on OTCs that are generally considered qualified.

The IRS requires Humana to verify pharmacy expenses before releasing HRA funds. If we aren't processing the claim, we can't verify the expense. You can use HRA funds for these prescriptions, but you'll need to submit a claim for reimbursement.

Effective March 1, 2010

The secondary payer process will no longer be available. All Commonwealth of Kentucky members who have chosen to waive medical coverage and receive the \$2,100 allotment given to them by the state will no longer be able to use their HumanaAccess card at a non Inventory Information Approval System (IIAS) merchant. Members wishing to use pharmacies not associated with the IIAS will have to file manual claims to be reimbursed for their prescriptions and OTC purchases. To see if your pharmacy is a participating IIAS merchant, go to the website below. Most large retail pharmacies are participating IIAS merchants.

<http://www.sig-is.org/en/index.asp>

**What to do if an expense exceeds your account balance**

For all uses except at the pharmacy, you can split the charge by using the HumanaAccess Card for the exact amount left in your account and then paying the remaining amount separately. However, at the pharmacy you'll have to pay the entire amount with another form of payment and then request reimbursement.

Reasons the HumanaAccess Card may be declined

As long as you've activated your card, and you're purchasing qualified items, the card should work like a charm. To help you avoid any inconvenience, here are some reasons the HumanaAccess Card might not work:

- You pressed "debit" instead of "credit"
- You're using the card for a nonqualified expense
- You haven't activated the card
- Your account doesn't have enough money to cover the total expense – for locations other than the pharmacy, you can use the card for what's in your account and pay the rest another way; at the pharmacy you'll need to pay the entire amount another way and then request reimbursement from your account
- You included nonqualified items, like chewing gum, in your pharmacy purchase – try the transaction again with qualified items only
- The pharmacist did not follow the process on the card correctly

If your card was declined and you feel the expense qualifies, pay another way and then submit a reimbursement request.

**Call 1-800-604-6228 if you have problems with your card**

If you've tried all the suggestions above, and your card still doesn't work, just call Humana's Spending Account Administration team toll-free, and we'll help you figure it out. Representatives are available from 8 a.m. to 7 p.m. Eastern time. You don't have to memorize the phone number – it's on the back of the HumanaAccess Card.

Reimbursement from your account

There may be situations in which your provider does not take the HumanaAccess Card. In those cases, Humana has two easy methods for receiving your reimbursement:

- Submit a request on MyHumana – your password-protected, personal page on **Humana.com**. Select the “Spending Accounts” page from the “Claims & Spending” menu, click on “Request Reimbursement,” and fill out the electronic request form. Then fax or mail the completed form with a copy of the receipt or EOB to the address on the form.
- Fill out a paper form – You can download a paper claim form on the “Request Reimbursement” page in MyHumana or get a form by calling Customer Service at **1-800-604-6228**. Be sure to attach your itemized receipt or EOB when you send the form.

Verifying your expenses are qualified

Every time you use HRA funds, keep a detailed receipt.

Here’s why:

The IRS requires that 100 percent of disbursements made from healthcare HRAs be “substantiated” or verified. This means Humana is responsible for making every effort to verify that expenses are qualified healthcare expenses as defined by the IRS. In some cases, Humana will not be able to substantiate transactions automatically, particularly in cases where Humana does not have the medical benefits or receives limited claims information.

In the event that expenses cannot be verified in an automated way, Humana will request itemized receipts from you so we can verify those expenses. If Humana is unable to verify an expense, you will receive a letter that lists the expense and provides instructions on what you need to do. If itemized receipts are not received within a reasonable period of time, Humana may turn off the HumanaAccess Card and attempt to recover the funds from future manual reimbursement requests.

Verification requires valid receipts containing:

- Name of subscriber/spending account holder
- Date of service
- Description of service
- Name of person who received the service
- Name of service provider
- Total expense amount

In the event you don't have a receipt or EOB – or if you know the expense wasn't qualified – you'll have to pay back the amount. Here's a general timeline of how and when Humana verifies HRA claims:

- **Day 1** – Card transaction takes place
- **Day 30** – If Humana can't verify the expense automatically within 30 days, we send a letter in the mail requesting an itemized receipt or EOB
- **Day 60** – If we still haven't heard from you, we turn off the HumanaAccess Card; to reactivate your card, you'll need to send verification or pay back the amount of the HRA transaction. Traditional paper claims are also suspended.



Can't find your receipt or EOB?

You can request a duplicate receipt from the provider. If Humana processed the claim, you can download and print an "electronic EOB" from MyHumana – just go to the "Claims" page within the "Claims & Spending" section and click on "Details" for the claim.

Even if your HumanaAccess Card is turned off, you still have access to your health insurance benefits – you just can't pay for anything with your HRA using the HumanaAccess Card, or be reimbursed from a paper claim submission.

If you do not submit verification of the transaction or repay your spending account, the claim(s) will remain outstanding and in violation of IRS substantiation requirements. Your employer and plan sponsor may take the following actions:

- Include the amount of the unsubstantiated transaction(s) in your W-2 income. This will result in income and employment taxes.
- As a last resort, your employer can deduct the amount associated with claims not substantiated from your paycheck, if your state law permits.

If you have questions about verifying expenses, feel free to contact us at **1-800-604-6228**.

What happens when the plan year ends

Your unused balance will carry over to the next year as long as you continue waiving your health insurance coverage and are not retired.



Keeping track of your account

Checking your balance online or by phone

To check your HRA balance online, log in to *MyHumana* – your password-protected, personal page on **Humana.com** – and go to the “Spending Accounts” page in the “Claims & Spending” section. The Website includes the most up-to-date information about your account.

You can also get up-to-date information about your account balance over the phone through our automated voice-response system. Just call the Spending Account Customer Service number on the back of your HumanaAccess Card.



Two good reasons to keep track of your account balance

First, if you have money remaining toward the end of the plan year, it's likely you can find a qualified item or service you need – like new glasses or a screening exam you've been putting off – so you don't have to forfeit the money. Second, knowing your account balance can help you avoid the inconvenience of a declined HumanaAccess Card transaction.

Online tools

Your password-protected, personal page on **Humana.com** offers lots of other helpful services. Log in to *MyHumana* to:

- View your account balance
- Review all posted and pending HRA transactions
- Request additional HumanaAccess Cards
- Download a reimbursement form
- Review frequently asked questions about using the HRA, verifying expenses, and getting the most value from your account
- See a list of sample qualified expenses – this list is only a guide; check with your employer for specifics on your HRA
- Review year-to-date spending

If you haven't registered for *MyHumana* yet, just go to Humana's Website, click the “Register for *MyHumana*” button on the home page, and follow the easy instructions.

Quarterly Statement (Smart Summary)

Even if you don't use the Internet, it's easy to keep track of your account. Humana sends a quarterly statement in the mail with information about your account balance and transactions.



FSA, HRA, and HSA spending accounts are not insured benefits; they are a service administered by Humana Insurance Company.